

The background of the entire page is a high-quality photograph of a natural landscape. A river with white-water rapids flows from the upper center towards the bottom of the frame. The river is flanked by dense evergreen forests. In the background, rugged mountains with rocky peaks rise above the treeline under a bright, slightly cloudy sky.

USDA RURAL DEVELOPMENT

2005 Accomplishments

Colorado

Secretary of Agriculture Mike Johanns

The future holds challenges, but it also holds great promise. As you plan for the future, USDA Rural Development is here to support you and your community. We are locally based; as your neighbors, our employees are rooted in your communities and share your values and concerns, just as we have since 1935. We are proud of Rural Development's record of achievement throughout the past 70 years and we look forward to working with you to bring increased opportunities to Colorado as we work together to build an even stronger rural America.



Agriculture Under Secretary for Rural Development Thomas Dorr

The face of rural America continues to change, and USDA Rural Development is changing with it. No longer the “lender of last resort,” we are rural America's investment bank, a venture capital entity that creates jobs, promotes business development, and provides community facilities and affordable housing. Our goal is to build viable and sustainable rural communities.



In each of the last five years, the Bush Administration has invested about \$13 billion in rural America. Rural Development has provided housing, water and sewer funds, hundreds of millions of dollars in business loan guarantees, telecommunications and electricity loans and grants. Public safety buildings, rescue equipment, libraries, town halls and access to broadband have all been made possible through the efforts of Rural Development.

One of the biggest challenges facing our nation is the need for renewable energy. In our ongoing effort to promote development of new energy sources, USDA Rural Development in 2005 funded 154 renewable energy grants and two renewable energy loans totaling \$32.3 million. Additionally, through the Value Added Producer Grant program, Rural Development provided \$2.8 million for 30 more energy related projects. From wood fired generating plants to wind turbines, biofuel production and anaerobic digesters, USDA Rural Development is financing new sources of renewable energy while offering farmers and ranchers a potential new source of income.

At Rural Development we are working to ensure that all Americans have access to the technological revolution sweeping the nation. Imagine that in 2005, Rural Development made a loan to an isolated area in Michigan that will provide 309 residential customers, 18 businesses and 290 gas well subscribers with telecommunications services for the first time and imagine that the isolated town of Hughes, Alaska will become an Internet “hot spot” thanks to new service funded through a Rural Development grant.

What makes all this happen are the USDA Rural Development employees. The incredible job our employees did to provide aid to the victims of Hurricanes Katrina, Rita and Wilma was amazing. Working with our Federal, State and local partners, Rural Development found housing for thousands of evacuees, staffed over 80 recovery centers, handled thousands of calls and met face to face with thousands of victims. I'm proud of the job our employees do every day. They're highly skilled, dedicated, and truly “Committed to the Future of Rural Communities.”

Colorado State Director for USDA Rural Development
Michael E. Bennett

The vision of USDA Rural Development is “*A rural America that is healthy, safe and a prosperous place to live and work.*”

The mission of USDA Rural Development is “*To increase economic opportunity and improve the quality of life for all rural Americans.*”



The Bush Administration and the staff of Colorado USDA Rural Development strongly believe in the mission and vision of our agency. Our partners in this effort are local financial institutions, towns and cities, counties, local water and hospital districts, the State of Colorado, and other Federal Agencies.

Rural Development helps communities meet their basic needs by:

- Building **water and waste water** systems
- Financing decent, affordable **housing**
- Supporting **electric power** and **rural businesses**, including **cooperatives**
- Supporting **community development** with information and technical assistance

In Fiscal Year 2005, Colorado USDA Rural Development invested nearly **\$58 million** in Rural Multi-Family and Single Family Programs. We helped 518 families become homeowners.

Colorado Rural Development made grants, loans and loan guarantees for nearly **\$59 million** in Fiscal Year 2005 for community facilities, rural businesses, renewable energy, and value added agriculture. A portion of these funds were used to build two new hospitals in rural Colorado.

As you read our annual report for 2005, you will see some success stories for Colorado USDA Rural Development and for the people of rural Colorado.

Please feel free to contact any of our Colorado offices to see how we can help your community become a better place to live.

A stylized, handwritten signature in blue ink, appearing to read 'Michael E. Bennett'.

MICHAEL E. BENNETT
State Director



Committed to the future of rural communities.

USDA Rural Development Colorado

Funding Fiscal Years 2001 - 2005

Colorado		2001		2002		2003		2004		2005	
(2001-2005 Total - \$1,538,851,505)		Actual		Actual		Actual		Actual		Actual	
Single-Family Housing (SFH) Direct Loans		\$15,532,260		\$19,056,940		\$19,681,750		\$25,496,300		\$27,344,085	
SFH Guarantee Loans		\$35,831,090		\$33,809,010		\$40,596,870		\$44,790,110		\$26,224,041	
Multi-Family Housing Direct Loans		\$1,769,200		\$1,849,500		\$683,600		\$1,124,300		\$1,697,840	
Rental Assistance		\$9,142,222		\$12,263,395		\$7,382,768		\$5,384,560		\$7,673,808	
Community Facility (CF) Direct Loans		\$1,400,000		\$2,153,000		\$4,733,000		\$3,960,000		\$12,975,000	
CF Guarantee Loans		\$0		\$3,600,000		\$7,224,000		\$3,750,000		\$27,680,000	
CF Grants		\$287,000		\$169,095		\$200,863		\$487,732		\$364,390	
Water & Wastewater Direct Loans		\$740,800		\$5,986,600		\$4,441,020		\$5,364,515		\$5,493,000	
W&W Grants		\$2,531,550		\$5,470,300		\$4,272,980		\$4,141,337		\$3,025,180	
Business Guarantee Loans		\$7,047,700		\$17,800,450		\$14,511,000		\$21,332,500		\$6,305,000	
Business Grants		\$263,000		\$233,000		\$345,000		\$436,282		\$401,180	
Revolving Loans		\$0		\$250,000		\$0		\$250,000		\$0	
Multi-Family Housing Guarantee Loans		\$0		\$0		\$0		\$0		\$0	
SFH Repair Loans and Grants		\$610,650		\$776,400		\$681,130		\$591,351		\$508,137	
Farm Labor Housing Loans/Grants		\$0		\$4,000,000		\$80,000		\$3,150,000		\$450,000	
Electric Loans		\$51,880,000		\$203,633,000		\$293,601,000		\$275,369,400		\$132,938,000	
Telecommunication Loans/Grants		\$15,151,700		\$500,000		\$145,914		\$6,471,154		\$26,723,000	
Value Added		\$162,290		\$1,231,796		\$506,250		\$169,375		\$508,700	
Renewable Energy Grant		\$0		\$0		\$0		\$500,000		\$1,500,000	
Total		\$142,349,462		\$312,782,486		\$399,087,145		\$402,768,916		\$281,811,361	
										\$1,538,799,370	

RURAL HOUSING

Individuals/families living in rural areas in Colorado, can access funding for single family homes, apartments for very low and low income persons/families or the elderly, housing for farm workers, and much more through the Rural Housing Program.

In Fiscal Year (FY) 2005, nearly **\$58 million** were invested in Colorado through our Multi-Family and Single Family Housing Programs.

The 502 Direct Loan program provides assistance to very low and low income individuals and families who wish to become homeowners. In FY 2005, **268 Direct Loans** were funded statewide.

The Mutual Self Help Housing Program, a 502 Direct Loan Program, allows participants to substitute “sweat equity” in lieu of a downpayment. Currently, Colorado has seven sponsors administering the program. In FY 2005, **109 homes** were built through this type of direct loan funding.

Applicants with moderate income may be eligible for a Guaranteed Home Loan. The program provides funding to applicants who may not qualify for a direct home loan because their income is too high. Over 50 lenders are utilizing this program statewide, and in FY 2005, **250 loans** were funded.

Making necessary home repairs can be costly and often financially impossible for some homeowners. However, through the Home Repair Loan and Grant program, families and individuals with very low income and currently own their home may be able to receive assistance. Funding can be used to make necessary repairs on safety/health hazards or for making homes accessible for people with disabilities. Grant funds are available for very low applicants ages 62 years or older.

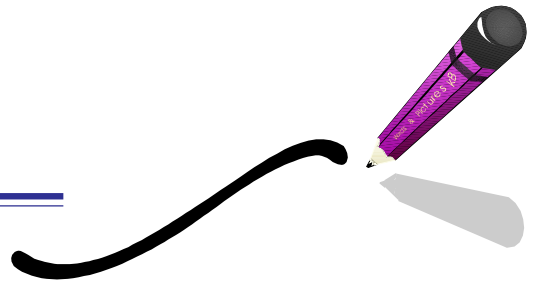
In FY 2005, **20 loans were funded for nearly \$214,000 and 49 grants were awarded totaling over \$294,000.**

The Multi-Family Housing Program provides funding for decent, affordable, and safe rental housing complexes in rural areas. Loan and grant funding can be provided to lenders/developers to assist in building new complexes across the state in rural areas. Currently, there are over 150 complexes providing approximately 3,000 rental units for families, seniors, and/or farmworkers. In addition, some units may be eligible for rental assistance. In FY 2005, **\$7,673,808** was provided for rental assistance in Colorado.

Fiscal Year 2005 Rural Housing Program Funding - \$57,887,265

502 Other Direct Loans	\$ 14,352,554
Mutual Self Help Housing Loans	\$ 10,088,416
502 RHLP/CDFI Loans	\$ 2,903,115
Mutual Self Help Technical Assistance Grant Program	\$ 1,104,051
Mutual Self Help Site Loan Program	\$ 400,000
Technical & Supervisory Assistance Grant Program	\$ 100,000
Guaranteed Loan Program	\$26,224,041
Home Repair Loan Program	\$ 213,690
Home Repair Grant Program	\$ 294,447
Rural Rental Housing Program - Rehab	\$1,697,840
Farm Labor Housing Loan Program	\$ 225,000
Farm Labor Housing Grant Program	\$ 225,000
Housing Preservation Grant Program	\$ 59,111

Homeowner Overcomes Personal Adversity....



In August 2000, Nancy Shippy was returning home from a mountain-biking trip near Telluride when she fell asleep while driving over Red Mountain Pass. Her Ford Ranger fell 403 feet and 9 inches off the road. Shippy was transported by emergency helicopter to St. Mary's Hospital in Grand Junction, where she spent a week on life support. The Medical Staff told her family that her future would entail living in an assisted living facility due to severe brain injuries which greatly impacted her ability to walk, talk and think.

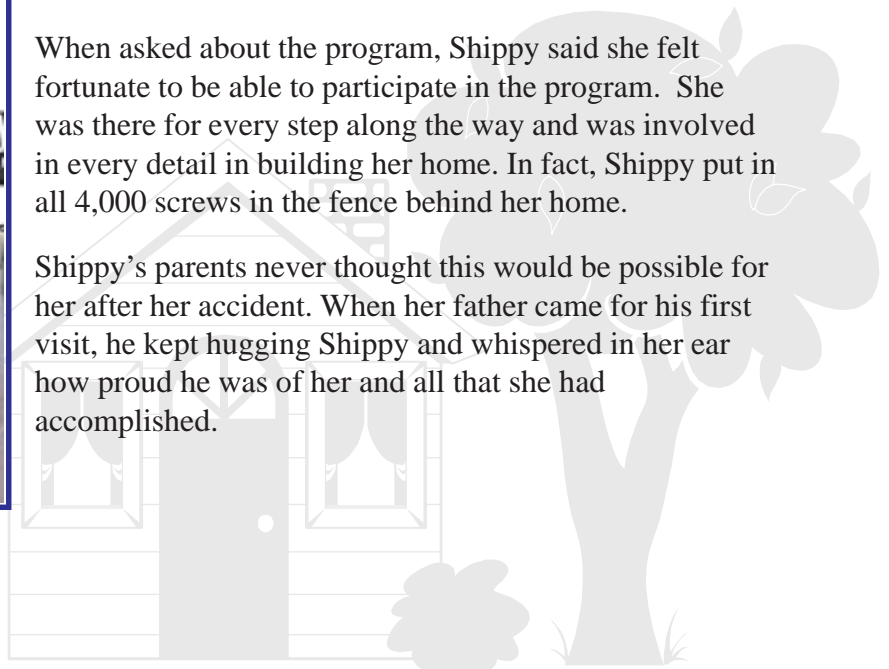


However, the doctors didn't know how stubborn she could be. Shippy chose another path for herself and became acquainted with Hero Alliance, a nonprofit organization that provides homeownership assistance and resources for persons with disabilities in Colorado. The agency suggested Shippy attend a first time homebuyers counseling program. A representative from USDA Rural Development was at the session and discussed the Mutual Self Help Housing Program. With the assistance of our local sponsor, Colorado Housing Inc., Shippy qualified for a 502 Direct Home Loan through the Mutual Self Help Housing Program in Bayfield, CO.

The Mutual Self Help Housing Program allows very low and low income individuals/families the opportunity to become homeowners. Participants put an average of 700 hours of "sweat equity" into their homes in lieu of a down payment. Homeowners can choose from a set of floor plans, tile, fixtures, paint and carpet colors to customize their home. Shippy opted for a three bedroom, 1,200 square foot home meeting ADA standards.

When asked about the program, Shippy said she felt fortunate to be able to participate in the program. She was there for every step along the way and was involved in every detail in building her home. In fact, Shippy put in all 4,000 screws in the fence behind her home.

Shippy's parents never thought this would be possible for her after her accident. When her father came for his first visit, he kept hugging Shippy and whispered in her ear how proud he was of her and all that she had accomplished.



West View Villas in Monte Vista named Colorado's Multi-Family Housing Complex of Year ...



West View Villas was named the 2005 Multi-Family Housing Complex of the Year. The 24 unit family complex in Monte Vista, was selected by Rural Development staff based on curb appeal, tenant benefits, and uniqueness of site. The complex location is unique because of the scattered site locations, covering approximately 1/2 mile. The individual homes, built in 2001, compliment the surrounding area. Additionally, the complex was selected because of the strong partnership which exists between USDA Rural Development, the Management Company (Landmark Management), and the Site Team. In particular, the site team was noted for their demonstrated willingness to go above and beyond to meet the needs of their residents.

Top Guaranteed Rural Housing Loan Lenders in Fiscal Year 2005...

Congratulations to the top five Origination Lenders for the USDA Rural Development Guaranteed Rural Housing Loan Program in Fiscal Year 2005:

Equitable Savings & Loans Association
Wells Fargo Bank
First Mortgage Corporation
JPMorgan Chase Bank
Rocky Mountain Mortgage Specialists



Rural Development provides local lenders with a guarantee for 90% of the loss. This opportunity allows lenders to make loans to people they would not otherwise be able to serve. Guaranteed housing loans are available to applicants whose incomes are below 115% of the median area income. No downpayment is required and there are no mortgage limits. Additionally, an applicant's total debt must not exceed 41% of their gross monthly income.

Pictured: Donna Robertson and D. "Skip" Koenig, Jr., from Equitable Savings and Loan (at their main office in Sterling, CO) and Joe Hostetler, Administrative Programs Director

BUSINESS & COMMUNITY PROGRAMS

USDA Rural Development's goal is to increase economic opportunity and quality of life in rural America. We work in partnership with local economic organizations such as banks, lenders, economic development groups, cities, counties, tribes, and utility cooperatives to accomplish this goal.

We believe rural Coloradoans deserve access to the same services available in the suburban and urban areas. USDA Rural Development's Business & Cooperative Programs help create jobs and stimulate economic development by funding the growth and creation of rural businesses and cooperatives.

The Renewable Energy & Energy Efficiency Program funds grants and loan guarantees to agricultural producers and rural small businesses. Funding can be used for assistance with purchasing renewable energy systems and making energy efficiency improvements.

The Value Added Grant Program helps producers (farmers and ranchers) expand the customer base for their products or commodities. Additionally, funding helps ensure a greater

portion of revenues derived from the value-added activity is returned to the producer.

Infrastructure Programs, such as a water and wastewater loan and grants, provide assistance to improve the quality of life and promote economic development in rural America.

USDA Rural Development's Distance Learning and Telemedicine Loan and Grant Program supports the development/deployment of advanced

telemedicine and distance learning systems in rural areas. Through today's information infrastructure and communications, new opportunities in our rural communities can be created.

The Community Facility Program strives to ensure that facilities, such as health care clinics, police and fire stations, schools and child care centers, are readily available to all rural Americans.



Joe Kost, Rural Development Manager, and Pattie Snidow, West Area Director, present La Puente Home, Inc. Staff with a ceremonial Community Facility Grant check in Alamosa, CO

Fiscal Year 2005 Business & Community Programs Funding - \$58,876,697

Business & Industry Guaranteed Loans	\$ 6,305,000
Renewable Energy Systems/Energy Efficiency Improvements	\$ 1,500,000
Rural Cooperative Development Grant	\$ 300,000
Rural Business Enterprise Grants	\$ 401,180
Value Added Producer Grants	\$ 508,700
Water and Waste Loans	\$ 5,493,000
Water and Waste Grants	\$ 3,025,180
Pre-Development Grants	\$ 18,000
Community Facility Guaranteed Loans	\$ 27,680,000
Community Facility Direct Loans	\$ 12,975,000
Community Facility Grants	\$ 332,745
Distance Learning & Telemedicine Grant Program	\$ 338,892

Assistance for small rural business enterprises..

The Rural Business Enterprise Grant (RBEG) Program provides funding to public bodies, private nonprofit corporations, and Federally-recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in an area with a population of 50,000 or less. Funds can be used for financing or the development of a small and emerging business. Eligible uses include: Technical Assistance (providing assistance for marketing studies, feasibility studies, business plans, training etc.); purchasing machinery and equipment to lease; creating a revolving loan fund (providing partial funding as a loan for the purchase of equipment, working capital, or real estate); or construct a building for a business incubator.



In Fiscal Year 2005, four RBEGs were financed totaling \$214,000. Grand County Business and Economic Development Association (BEDA) was one of those funded in 2005 for \$50,000. The entity utilized the funding for a revolving loan fund to assist businesses in Grand County to improve their store fronts and improve curb appeal. This was particularly helpful in the town of Granby. In June 2004, an unfortunate circumstance resulted in several town buildings being destroyed. After the event, business owners were having difficulty acquiring reasonable short term financing. BEDA took the lead and through this funding established a revolving loan fund. In addition, the community stepped up to provide matching funds in order to help get this project started.

Pictured top: Liberty Bank. Pictured bottom: The local hardware store. Both buildings are in Granby, CO and these photos were taken after an unfortunate circumstance in 2004. .

Faith Based Initiatives...

USDA Rural Development is committed to helping build stronger, more vibrant rural communities across the Nation. Rural Development partners with faith-based and community organizations on projects that bring housing, community facilities, utilities, and other services to rural communities. In Fiscal Year 2005, two entities received funding under this initiative: Sharing Ministries, Inc. and United Methodist Childcare Center & Preschool. The preschool located in Fort Morgan, CO received a \$6,600 grant to purchase a hot water heater, two new lavatories, new windows, and a new surface for their existing playground. Sharing Ministries received a \$9,100 grant to purchase a forklift and other small warehouse equipment for the food bank based in Montrose, CO.



United Methodist Childcare Center & Preschool in Fort Morgan, CO

Rural Development funds two rural hospitals...

Fiscal Year 2005, was a banner year for our Business & Community Program staff in Colorado. We provided funding for two rural hospitals in Colorado: Pikes Peak Regional Medical Center in Woodland Park and the Yuma Hospital for a total of \$38.5 million.

Pikes Peak Regional Medical Center (PPRMC) Association was awarded a \$14 million loan. The funds will be used to construct a new 25 bed primary care hospital with 24 hour emergency service. Rural Development was proud to be able to provide the funding for this new hospital in Woodland Park. The project had been in the planning stages since 1999, and through the hard work and dedication of Teller county residents and the Pikes Peak Regional Medical Center Association, it has become a reality.

In Yuma, \$24.5 million was awarded for the construction of a 12-bed critical access hospital to serve Yuma County and the eastern portion of Washington County. A modern hospital is essential to any rural community and this hospital will serve the residents of Yuma and Washington counties for decades to come. The current hospital, licensed for 22 beds, was built in 1949 and renovated in 1996 to include a physician's clinic. Over the last few years, the hospital has experienced an increase in use and additional space was needed for outpatient services, patient rooms, growth in individual departments, surgical patient preparation/recovery, and building systems updates.



Deputy Under Secretary for Rural Development, Allan R. Johnson, presents representatives from PPRMC with a ceremonial check for \$14 million.



Pictured: U.S. Senator Wayne Allard, Deputy Under Secretary for Rural Development, Allan R. Johnson, and U.S. Congresswoman Marilyn Musgrave present representatives and local officials with a ceremonial check for the Yuma Hospital.

Renewable Energy Projects receive Rural Development funding...

The East Yuma County (EYC) Cure Wind Farm, LLC; the EYC Helling Wind Farm, LLC, and the EYC Lenz Wind Farm, LLC, each received \$500,000 Renewable Energy and Energy Efficiency Grants from USDA Rural Development in FY 2005. Previously in FY 2004, the group received a Value Added Agriculture Product Market Development Grant (VADG) for \$128,000 from USDA. The entity utilized the VADG funding to prepare a feasibility study and business/marketing plan to develop a wind project on land in East Yuma County. The results from the study proved the wind resource was high quality. All three entities expect to complete construction of their wind turbines within the next nine months and to be operational as early as the fall of 2006.





USDA Colorado Field & State Office Locations

www.rurdev.usda.gov/co/index.html

State Office

Mike Bennett, State Director
655 Parfet Street, Room E-100
Lakewood, CO 80125
(720) 544-2903 Fax (720) 544-2969

Western Area Offices

Alamosa Office

2205 State Street, Alamosa, CO 81101
(719) 589-5661 Fax (719) 589-0515
Serving Alamosa, Conejos, Costilla, Mineral,
Rio Grande, and Saguache Counties

Cortez Office

628 West 5th Street, Cortez, CO 81321
(970) 565-8416 Fax (970) 565-8797
Serving Archuleta, Dolores, LaPlata, Montezuma,
San Juan, and San Miguel Counties

Craig Office

356 Ranney Street, Craig, CO 81625
(970) 824-3476 Fax (970) 824-7055
Serving Grand, Jackson, Moffat, Rio Blanco,
and Routt Counties

Delta Office

690 Industrial Blvd
Delta, CO 81416-2812
(970) 874-5735 Fax (970) 874-0352
Serving Delta, Eagle, Garfield, Gunnison,
Hinsdale, Mesa, Montrose, Ouray, and
Pitkin Counties

Eastern Area Offices

Canon City Office

248 Dozier Avenue, Canon City, CO 81212
(719) 275-4465 Fax (719) 275-3019
Serving Chaffee, Custer, El Paso, Fremont,
Lake, Park, Pueblo, Summit and Teller Counties

Greeley Office

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(970) 356-8097 Fax (970) 351-0392
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Creek, Denver, Douglas, Elbert, Gilpin,
Jefferson, Larimer, and Weld Counties

Las Animas Office

760 Bent Ave., Las Animas, CO 81054
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Las Animas, Otero, and Prowers Counties

Wray Office

P.O. Box 405, 247 Clay Street, Suite #2,
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(970) 332-3107 Fax (970) 332-9801
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Morgan, Phillips, Sedgwick, Washington
and Yuma Counties

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